

**STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097**

Board of Land and  
Natural Resources  
State of Hawaii  
Honolulu, Hawaii

**ISSUANCE OF A RETAIL CONCESSION  
LIHUE AIRPORT**

**KAUAI**

The Department of Transportation (DOT) proposes to offer a Retail Concession at the Lihue Airport on the Island of Kauai. The following contains a description and summary of some of the major terms and conditions that the DOT anticipates incorporating into the Concession Agreement (Agreement):

**PURPOSE:**

To award the Agreement to a qualified Concessionaire submitting the highest bid to exclusively operate the Concession at Lihue Airport.

**LEGAL REFERENCE:**

Chapter 102, Hawaii Revised Statutes, as amended

**LOCATION:**

Lihue Airport (LIH), Terminal Building Complex

**PREMISES:**

At commencement of the Agreement:

1. Retail (Sales) Space
  - a. Lihue Main Terminal, Building 306, Space No. 231, containing approximately 1,252 square feet as shown on the attached Exhibit B dated September 2008.

**ITEM M-2**

2. Storage (Non-sales) Space

- a. Lihue Main Terminal, Building 306, Space No. 139B, containing approximately 221 square feet as shown on the attached Exhibit C dated September 2008.

During the Term of the Agreement:

The DOT may, at the DOT's sole discretion, require or permit the Concessionaire to add additional spaces.

If the Concessionaire requests and the DOT, at its sole discretion, agrees to make available additional space over and above the spaces initially allocated under the Agreement, the Concessionaire shall pay for such additional space as follows:

- (1) floor rent equal to the square footage of such additional space multiplied by the rates and charges applicable to such additional space as established by the DOT; and
- (2) the gross receipts received or realized by the Concessionaire from or otherwise attributable to such additional space shall be included in the percentage fee obligation payable by the Concessionaire under the Agreement.

If the DOT, at its sole discretion, requires the Concessionaire to take or use additional space over and above the space initially allocated under the Agreement, the Concessionaire shall not be obligated to pay floor rent for such space but shall include the gross receipts received or realized by the Concessionaire from or otherwise attributable to such additional space in the percentage fee obligation payable by the Concessionaire under the Agreement.

ZONING:

State Land Use: Urban  
County of Kauai: Industrial (IG-STP)

TAX MAP KEY:

4th Division: 3-5-01:08 (Portion)

LAND STATUS:

Lihue - Section 5(a), Non-Ceded  
Hawaii Admission Act  
DHHL 30% entitlement lands: No

TERM:

Five (5) years, commencing on July 1, 2009 and ending on June 30, 2014.

CONCESSION FEE:

1. Annual Concession Fee. The total annual Concession Fee shall be the greater of the following:
  - a. Minimum Annual Guaranteed Fee. The minimum annual guaranteed fee for each year of the Concession Agreement shall be as set forth in the Concessionaire's Bid Proposal (hereafter the "MAG"); or
  - b. Percentage Fee.

For the first year and each succeeding year of the remaining Concession Agreement term, the percentage fee shall be fifteen percent (15%) of the Concessionaire's annual gross receipts generated from, related or attributable to, or connected with the sale of authorized merchandise.

DBE GOAL:

A DBE minimum participation goal of ten percent (10%) will be used to meet the latest DBE regulations of the FAA, U.S. Department of Transportation.

IMPROVEMENTS:

The Concessionaire will be required to invest a minimum total of \$200,000.00 for improvements, certain fixtures and equipment on or within the premises of the spaces assigned under the Agreement in accordance with DOT and county building standards. No less than \$195,000.00 of the minimum total shall be allotted to the Sales space and no less than \$5,000.00 for the Non-Sales area. The DOT may establish separate minimum investment amounts for improvements, store fixtures and equipment applicable to any space added over and above the spaces initially allocated in the Agreement.

BASIS OF AWARD:

The award of the Agreement will be to the highest responsible bidder, based upon the total amount of the MAG bid for the five (5) year term of the Concession Agreement.

REMARKS:

The Retail Concession is an important revenue source for the DOT's airport system and an amenity that is welcomed by both inter-island and overseas travelers. The new Agreement is a part of DOT's plan to continually improve its concession program and airport terminal operations to enhance the airport experience for travelers.

RECOMMENDATION:

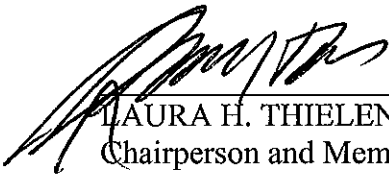
That the Board authorizes the call for sealed bid tenders and issuance of a new Retail Concession subject to: (1) the terms and conditions hereinabove outlined; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) the review and approval of the Department of the Attorney General's Office as to the lease form and content.

Respectfully submitted,

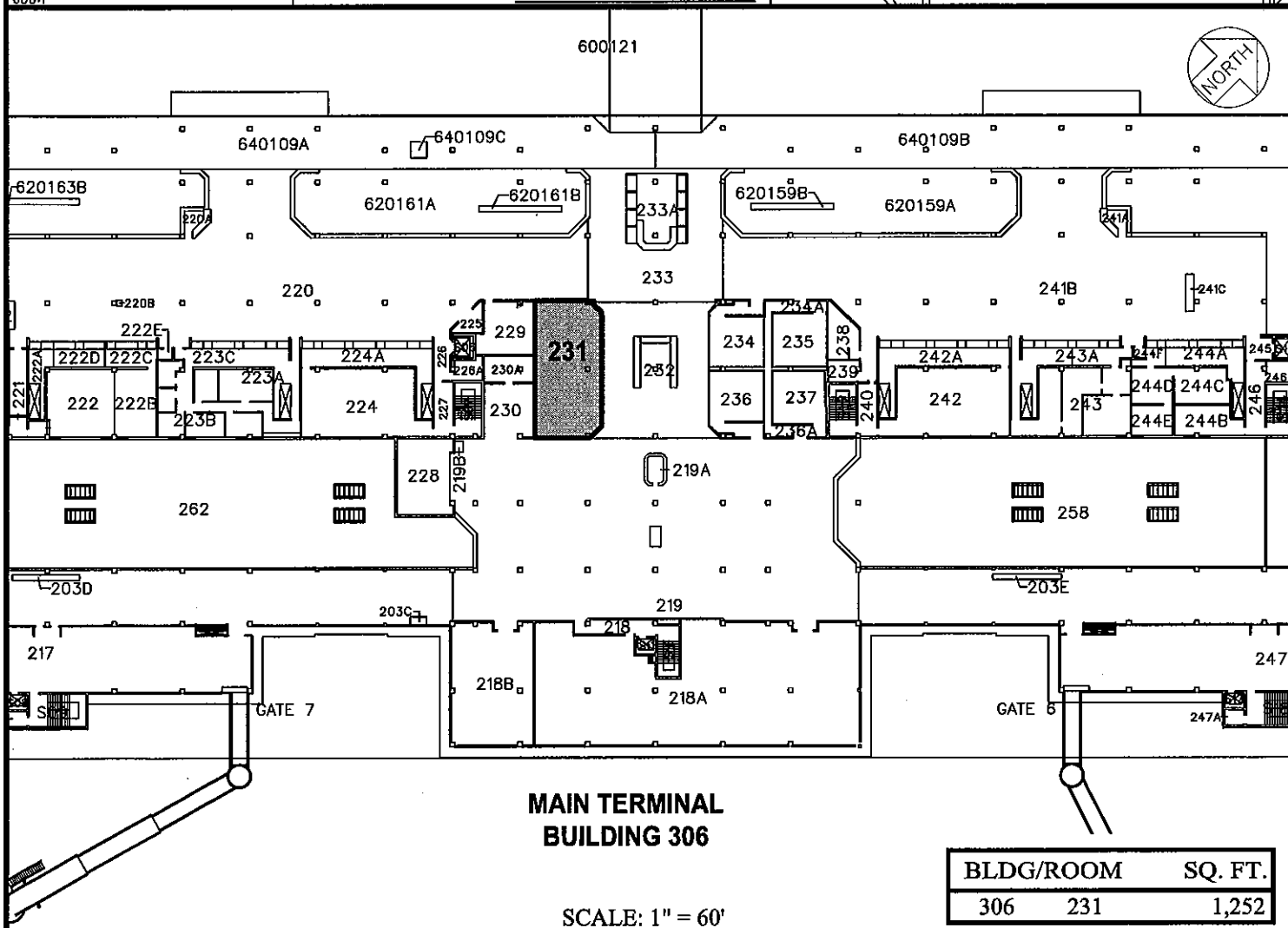
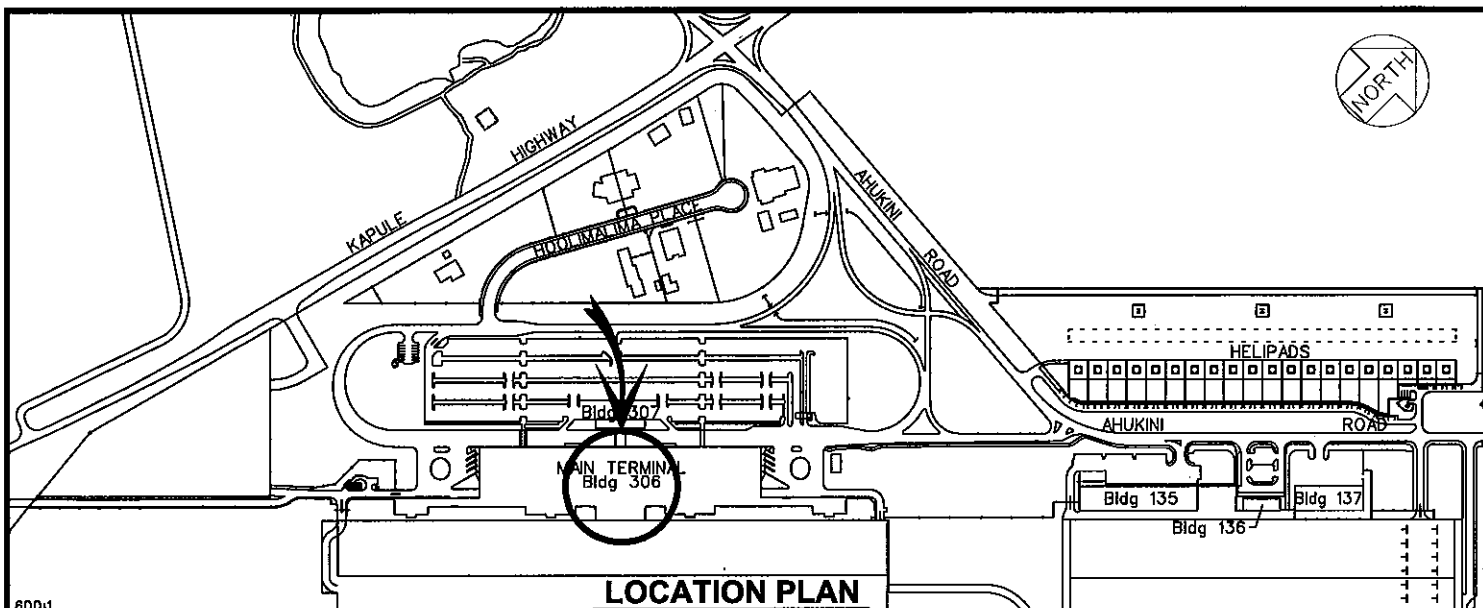


BRENNON T. MORIOKA, Ph.D., P.E.  
Director of Transportation

APPROVED FOR SUBMITTAL:



LAURA H. THIELEN  
Chairperson and Member



DATE : SEPTEMBER 2008

EXHIBIT: **B**



Airports Division

RETAIL CONCESSION

**BUILDING 306  
TERMINAL LEVEL  
SECOND FLOOR**

306231

PLAT C2

**LIHUE AIRPORT**

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